

Message Text

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PAGE 01 EC BRU 08760 091412Z

47

ACTION EUR-12

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 7763

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ROME PASS DEPUTY ASSISTANT SECRETARY BELL

E.O. 11652: NA

TAGS: EAGR, EEC, ETRD

SUBJECT: EC CORN IMPORTS

REF: A) STATE 247313 NOTAL

B) ROME 15493 NOTAL

C) EC BRUSSELS 8564

1. SUMMARY: THE MISSION BELIEVES THAT THE KEY TO A COOPERATIVE US/EUROPEAN APPROACH TO THE GRAIN SHORTAGE LIES IN WORKING CLOSELY WITH THE COMMISSION WHICH HAS BEGUN TO GET ITS MONITORING SYSTEM INTO PLACE. CONSEQUENTLY, THE MISSION SUPPORTS THE RECOMMENDATIONS IN REFTEL B AS THE MOST REALISTIC ALTERNATIVES IN THE PRESENT SITUATION. END SUMMARY.

2. SINCE THE DEPARTURE OF SECRETARY BUTZ (REFTEL C) THE MISSION HAS BEEN IN CLOSE AND CONSTANT TOUCH WITH THE EC COMMISSION ON THE GRAIN SITUATION AND ON THE SETTING UP OF THE IMPORT MONITORING SYSTEM.

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PAGE 02 EC BRU 08760 091412Z

3. FRANKLIN TOLD US ON NOVEMBER 8 THAT HE HAS ALREADY TAKEN STEPS TO SPEED UP CUSTOMS REPORTING SO THAT HE WILL SOON BE ABLE TO FURNISH US DATA ON IMPORTS WITHIN TEN DAYS OF ENTRY. THE COMMISSION HAS ALSO BEGUN TO SPEED UP ITS RECEIPT OF INFORMATION ON LICENSES ISSUED BY MEMBER STATES. THE COMMISSION'S PRELIMINARY COMPIATION OF LICENSES ISSUED AUGUST 1 THROUGH NOVEMBER 6, 1974 SHOWS A TOTAL OF 1.6 MILLION TONS OF CORN IMPORTS LICENSED BY THE MEMBER STATES. FRANKLIN WILL SEND US FURTHER FIGURES ON LICENSINGS AS SOON AS POSSIBLE.

4. ON NOVEMBER 7 THE COMMISSION MADE AN ESTIMATE OF SOYBEAN IMPORTS, SHOWING TOTAL CY 1974 IMPORTS OF 9.3 MILLION TONS (0.5 MILLION MORE THAN IN 1973).

5. THE COMMISSION HAS PROMISED US AN UPDATED FEEDGRAIN BALANCE IN ABOUT TEN DAYS.

6. WE UNDERSTAND THAT ACCORDING TO GRAIN TRADE SOURCES IN ROTTERDAM THE FOLLOWING ARE THE MOST IMPORTANT CAUSES FOR INFLATED US OUTSTANDING SALES DATA, THOUGH THEY ARE NOT ABLE TO EVALUATE THE DEGREE OF DISTORTION THESE ELEMENTS HAVE CAUSED. THE PRINCIPAL CAUSES ARE BELIEVED TO BE:

- A) OVER-BOOKING BY EUROPEAN IMPORTERS TO PROVIDE INSURANCE AGAINST US EXPORT CONTROLS.
- B) RE-SELLING OF CONTRACTS AMONG TRADERS ENTAILING A SECOND REGISTRATION BY THE BUYER OF THE CONTRACT BUT WITH FAILURE OF THE SELLER OF THE CONTRACT TO DE-REGISTER HIS CONTRACT WITH USDA.
- C) SALES AT SELLERS' OPTION, CURRENTLY COVERED BY US CONTRACTS, BUT WHICH MAY FINALLY BE FILLED ELSEWHERE.
- D) CONTRACTS BOOKED FOR EUROPEAN PORTS BUT ACTUALLY DESTINED ELSEWHERE.

7. OUR CONVERSATIONS CONVINCE US THAT THE COMMISSION IS FROM TOP TO BOTTOM KEENLY AWARE OF THE GRAVITY OF THIS SITUATION AND THE SERIOUSNESS OF COMMITMENTS MADE TO LIMITED OFFICIAL USE

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PAGE 03 EC BRU 08760 091412Z

THE UNITED STATES ON FEEDFRAINS. THE COMMISSION WANTS TO MEET THOSE COMMITMENTS. ITS CRUCIAL ROLE IN ADMINISTERING THE CAP MAKES ITS ASSISTANCE VITAL IN ANY COOPERATIVE EFFORT TO MANAGE THE GRAIN PROBLEM. THE KEY ELEMENTS INCLUDE A COMBINATION OF (A) THE COMMISSION'S COMMITMENT, B(B) THE PUTTING INTO PLACE OF THE COMMISSION'S IMPORT DATA MONITORING SYSTEM, AND (C) THE REFINING OF THE IMPORT LICENSE SYSTEM AS PREDICTOR OF A

FUTURE IMPORTS (POSSIBLY INVOLVING AN INCREASE IN THE
SURETY MENTIONED IN PARAGRAPH 1 (D) REFTEL B.)

8. IN SHORT, WHILE LARDINOIS AND SOME KEY OFFICIALS
HAVE BEEN IN ROME AND UNAVAILABLE TO US, THE INFORMATION
AND JUDGEMENTS WE GET HERE ARE CONSISTENT WITH BELL'S
ANALYSIS AND COMMENTS, AND WE SUPPORT THEM. IN
PARTICULAR, WE SHARE THE VIEW THAT THE COMMISSION SHOULD
BE GIVEN THE MINIMUM TIME NECESSARY TO TAKE THE VARIOUS
STEPS THEY HAVE TOLD US ABOUT. GREENWALD

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